

Kentucky Agricultural Development Board

Minutes of the December 15, 2006 Board Meeting

The Kentucky Agricultural Development Board meeting was held on **December 15, 2006** at **10:00 AM EST** at the Franklin County Cooperative Extension Office in Frankfort, KY. Commissioner Richie Farmer, presiding, called the meeting to order, and the Secretary called the roll.

Roll Call

Members Present

Donna Amburgey; H. H. Barlow; Vickie Yates Brown; John Cleaver; Rodney Dick; Commissioner Richie Farmer; Governor Ernie Fletcher; Wayne Hunt; Sam Lawson; Jim Mahan; Wayne Mattingly; Sam Moore; Dean M. Scott Smith; Secretary Gene Strong (Don Goodin, designee)

Members with Excused Absences

Dennis Griffin

Others Present

Staff - Stacia Alford, Catherine Ball, Angela Blank, Brian Furnish, Sandy Gardner, Todd Harp, Tim Hughes, Christi Marksby, Bill McCloskey, Joel Neaveill, Keith Rogers, Nick Whobrey, Stephen Yates

Guests – Kara Keeton, Keeton Communications; Chris Sutton, Pennyryle Area Development District; Lowell Atchley, Legislative Research Commission (LRC); Larry Snell, Kentucky Center for Agriculture and Rural Development (KCARD); Jimmy Henning, University of Kentucky Cooperative Extension Service; Tony Pescatore, University of Kentucky; Lynde Hughes, Kentucky Poultry Federation; John Morris, Allied Food Marketers West; David King, Allied Food Marketers West; Ronny Drennan, Broadbent Foods; Rebekah Grace, Rebekah Grace Foods; Randy Mann, Farmer representing Kentucky Specialty Grains; Scott Norman, Allied Food Marketers West

Notification of Media

Commissioner Farmer received verification from Keith L. Rogers, Chief Executive Officer, that the media had received notice regarding the Kentucky Agricultural Development Board monthly meeting.

Welcome

Commissioner Farmer welcomed everyone to the Kentucky Agricultural Development Board meeting. He also wished everyone a very Merry Christmas and a prosperous New Year.

Approval of Minutes

Mr. Rogers pointed out the duplication on the referral list of Bourbon County Fiscal Court for Goat & Sheep Diversification. Application A2006-0446 and A2006-0447 should be removed from the list. The numbers have been replaced with new applicants. Dean M. Scott Smith moved to approve the minutes of the November 16 & 17, 2006 meeting with the changes: Rodney Dick seconded the motion. The motion passed without dissent.

Executive Director's Report

Mr. Rogers kicked off his report with a review of the agenda and an introduction of the newest addition to the Governor's Office of Agricultural Policy staff, Stacia Alford. Stacia is the administrative assistant from Lincoln County.

Mr. Rogers informed the Board that Brad Nelson resigned effective December 1, 2006. Brad was the Compliance Officer. Mr. Rogers is currently interviewing for the position and for the seventeenth position in the office.

Mr. Rogers updated the Board on the county comprehensive plans. Staff met with Dr. Jimmy Henning and a handful of county agents to discuss the matter. They will not bring back any recommendations to the Board until the January meeting in order to have more time to finalize details.

Mr. Rogers reported on the Oversight Committee meeting. There was little activity at the meeting since only Model and Menu programs were approved at the November Planning Meeting. Mr. Rogers gave the committee a review of the planning meeting. There was a lot of discussion about the Kentucky Entrepreneurial Coaches Institute and the Kentucky Center for Agricultural Development and Entrepreneurship (KCADE). The committee wanted to know if the Board was going to fund another round of the Coaches Institute. There was also positive discussion on energy and talk of alternative fuel sources, such as cellulose.

Mr. Rogers asked Tim Hughes to give an update on the Kentucky Agricultural Finance Corporation (KAFC). Mr. Hughes stated that December was a good month and every project approved was east of I-65. (Refer to handout on file with Board Secretary) KAFC is close to the \$5 million mark and they have transferred additional funds from other accounts. To date, KAFC has accrued \$350,000 in interest on these programs.

Mr. Rogers informed the Board on the forgivable loans status. (Refer to handout on file with Board Secretary) As of December 15, 2006, Eighty-two forgivable loans have been approved. Five have been completed, forty-four are in a grace period, four have been dissolved, twenty-five are in good standing and four are non-compliant. Mr. Rogers stated that he will provide quarterly reports to the Board on these loans.

Old Business

Model Program Revisions

Agricultural Diversification

- Under *F. Poultry Production*, Commercial Poultry was removed to become a stand alone program. Pastured poultry and other fowl remain in agricultural diversification.
- A new investment area, sod production, was added as letter K. A list of eligible cost-share items was included.

Jim Mahan moved to accept staff recommendation for changes to the Agricultural Diversification Model Program for 2007; Don Goodin seconded the motion. The motion passed without dissent.

Cattle Genetics Improvement

- The limit on the number of bulls was removed; however, the annual and lifetime limits on reimbursement funds remain the same.

John Cleaver moved to accept staff recommendation for changes to the Cattle Genetics Improvement Model Program for 2007; Wayne Mattingly seconded the motion. The motion passed without dissent.

Cattle Handling Facilities

- No proposed revisions

H.H. Barlow moved to accept staff recommendation for changes to the Cattle Handling Facilities Model Program for 2007; Mr. Dick seconded the motion. The motion passed without dissent.

Dairy Diversification

- "...and generator" was added to #1. Milking equipment.
- In #6 "...or calf raising facilities..." was added to "Construction of new dairy facilities..."

Wayne Hunt moved to accept staff recommendation for changes to the Dairy Diversification Model Program for 2007; Sam Moore seconded the motion. The motion passed without dissent.

Farm Livestock Fencing

- No proposed revisions

Mr. Cleaver moved to accept staff recommendation for the Farm Livestock Fencing Model Program for 2007; Mr. Goodin seconded the motion. The motion passed without dissent.

Forage Improvement & Utilization

- In *II-A. Forage/Pasture Development*, other crops for grazing were added with the following eligible items:
 - e. Other Crop
 - i. Corn (less than 10 acres)
 - ii. Wheat
 - iii. Rye
 - iv. Ryegrass
 - v. Oats
 - vi. Soybean (forage beans only)
 - vii. Brassicas (i.e. turnips)

Mr. Dick moved to accept staff recommendation for changes to the Forage Improvement & Utilization Model Program for 2007; Mr. Moore seconded the motion. The motion passed without dissent.

Goat & Sheep Diversification

- In *II-D. Breeding Female Purchase* the maximum cost-share per breeding female was raised to \$200.

Mr. Goodin moved to accept staff recommendation for changes to the Goat & Sheep Diversification Model Program for 2007; Mr. Cleaver seconded the motion. The motion passed without dissent.

Hay, Straw & Commodity Storage

- No proposed revisions

Mr. Barlow moved to accept staff recommendation for the Hay, Straw and Commodity Storage Model Program for 2007; Donna Amburgey seconded the motion. The motion passed without dissent.

On-Farm Water Enhancement

- No proposed revisions

Mr. Mattingy moved to accept staff recommendation for the On-Farm Water Enhancement Storage Model Program for 2007; Mr. Goodin seconded the motion. The motion passed without dissent.

Shared Use Equipment

- The last sentence of the third bullet on page #3 was deleted.
- In *III-A. Guidelines for Local Agency Application...*
 - #5 was amended to reflect that this program is about equipment
 - #9 added the following about bank accounts “..but may be included in an account that is exclusively for agricultural development fund programs.”
- In *III-B. Guidelines for Local Agency Administration...*
 - In #5 “...for maintenance and replacement of parts and equipment” was added, as a use of any interest earned. The statement about interest being returned at the end of the program was removed, since this is a self-perpetuating program.
 - In #6 reporting was changed to Annual, and “reconciliation report” removed.

Mr. Dick moved to accept staff recommendation for changes to the Shared Use Equipment Model Program for 2007; Mr. Mahan seconded the motion. The motion passed without dissent.

Swine Diversification

- No proposed revisions

Mr. Barlow moved to accept staff recommendation for the Swine Diversification Model Program for 2007; Mr. Hunt seconded the motion. The motion passed without dissent.

Technology

- No proposed revisions

Mrs. Amburgey moved to accept staff recommendation for the Technology Model Program for 2007; Mr. Hunt seconded the motion. The motion passed without dissent.

Timber Production, Utilization & Marketing

- No proposed revisions

Mr. Goodin moved to accept staff recommendation for changes to the Timber Production, Utilization and Marketing Model Program for 2007; Vickie Yates-Brown seconded the motion. The motion passed without dissent.

Application Process (General Guideline) Changes

- Checking accounts: In *III-A. Guidelines for Local Agency Application...* #11 was amended as follows:
The program administrator shall ensure that commingling of agricultural development funds with other funds does not occur. Therefore, the program's funds shall reside in a unique and separate bank account from any other account, but may be included in an account that is exclusively for agricultural development fund programs.

Administrators who are the fiscal agent for multiple counties ~~may~~ should keep at a minimum one account per county. However, one account per program per county is ~~preferred~~ encouraged.

- Tobacco dependency to include children: In *III-B. Guidelines for Local Agency Administration* #4 was amended to include sons/daughters of tobacco dependent producers for the purpose of scoring tobacco dependency.

"Tobacco dependency documentation includes a Phase II check, Buyout Contract/check, or current tobacco contract" was added, as well.

- Reporting every 6-months: In *III-B. Guidelines for Local Agency Administration*, #15 was amended to "semi-annual" reporting (as opposed to "mid-term"), which will occur "every" 6-months from the execution date of the legal agreement.
- Statement about watch / probation: The following was added as #18 in *III-B*.

Administrators who fail to follow the guidelines for this model program, or who fall behind in reporting, may be placed on a "watch list" or placed on "probation." Administrators who are placed on probation and do not meet the terms of their probation may be "suspended" and no longer eligible to administer Agricultural Development Fund programs/projects.

- Premise ID: Premise ID was added in two places – *III-C. #4*, which states the producer's application will be incomplete without it; and *III-D. #3*, which states that producers who wish to participate in this program must supply all numbers (SSN/TIN, FSN, and premise ID) to be eligible to receive payment.
- Producer Certification Form: The reference to the number of bulls removed and a spot added for premise ID number.

Mr. Dick moved to accept staff recommendation for changes to the Application Process (General Guidelines) Changes for 2007; Mr. Mahan seconded the motion. The motion passed without dissent.

Commercial Poultry Program

Mr. Moore moved to approve the language for the for the Commercial Poultry Program; Mr. Barlow seconded the motion. The motion passed without dissent.

Kentucky West Nursery Cooperative

Kentucky West Nursery Cooperative (KWNC) has moved through the dissolution process smoothly. If the Board votes to approve the staff recommendation, it will close this item of business with KWNC. (Refer to the handout on file with Board Secretary)

Staff recommends accepting a payment from KWNC in the amount of \$35,363.94 by December 31, 2006 and forgiving the balance of the debt (\$83,718.20) in part 2 of the Cooperative's dissolution plan.

The KWNC Dissolution Committee would be free to use the balance of available cash (\$25,000) in any matter they so choose to dissolve and close the Cooperative's business. They would also retain any additional revenue that may be collected on Account's Receivable from vendors and Cooperative members to cover the cost of dissolution of KWNC or to benefit the Cooperative members.

Mr. Cleaver moved to accept staff recommendation; Sam Lawson seconded the motion. The motion passed without dissent.

New Business***Referral of January Projects¹***

Mr. Rogers presented projects A2006-0446 to A2006-0488 for referral to the Board's January meeting for review. Mr. Moore moved that projects A2006-0446 to A2006-0488 be referred for January review; Mr. Dick seconded the motion. The motion passed without dissent.

Approval of Model Programs²

Commissioner Farmer submitted projects requesting funds for county model programs. Mr. Mahan moved the said applications be approved for the named model programs; Mrs. Amburgey seconded the motion. The motion passed without dissent.

Requested Amendments³

Mr. Rogers presented eight requested amendments for approval. He pointed out the Carter County Agriculture Advancement Council, Inc.'s request for \$85,000 for Cattle Handling Facilities should read application A2006-0359, not A2006-0357. Also, Spencer County Farm Bureau's request for Farm Livestock Fencing Improvement should read the original amount as \$31,500, not \$18,850. That would bring the final total to \$73,500. Mrs. Amburgey moved that said amendments be approved with changes; Mr. Mattingly seconded the motion. The motion passed without dissent.

Catherine Ball presented a memo concerning Roundstone Native Seed's grant. (Refer to handout on file with Board Secretary) Mr. Moore moved to accept staff recommendation for Roundstone Native Seed's grant proposed change to their collateral; Mr. Lawson seconded the motion. The motion passed without dissent.

¹ A detailed list of the referred projects is attached as Appendix A.

² A detailed list of projects funded under each model program category is attached as Appendix B.

³ A detailed list of requested amendments approved is attached as Appendix C.

Catherine Ball presented a memo concerning compliance issues in Metcalfe County. (Refer to handout on file with Board Secretary) Mr. Dick moved to accept staff recommendation to return \$1,200 to the Program Administrator for the funds paid to the producers; Mr. Hunt seconded the motion. The motion passed without dissent.

Catherine Ball presented a memo concerning compliance issues in Franklin County. (Refer to handout on file with Board Secretary) Dean Smith moved to accept the staff recommendation to approve the transfers so the four grants may be closed; Mrs. Amburgey seconded the motion. The motion passed without dissent.

The meeting adjourned at 11:30 PM EST upon the arrival of Governor Ernie Fletcher.

Governor Ernie Fletcher gave brief remarks to the Board, staff and the audience. He spoke about the challenges facing agriculture. Governor Fletcher commented on a few topics such as value added markets, the University of Kentucky and Breathitt Diagnostic Labs, ICare, energy policy and broadband. He took some time for a question and answer session from Board members. He also expressed his appreciation for their hard work and dedication to the agriculture industry. The Board then recessed for lunch.

The Board reconvened at 1:18 PM EST.

Catherine Ball presented a memo concerning Burton Livestock. (Refer to handout on file with Board Secretary) Mr. Lawson moved to accept staff recommendation to release the KADB's first mortgage requirement on the forgivable loan and take a third mortgage on the 60 acre farm; Mr. Mahan seconded the motion. The motion passed without dissent.

Recommendations for Funding

Nick Whobrey presented A2006-0002, **B & R Drennan Enterprises, Inc.** B & R Enterprises, Inc. requests \$3,530,000 in State funds to build a new facility and to upgrade their equipment to meet their needs for future growth. Application was received with a request for 100% funding. However, the applicant understands that their request can only be 50% of the project. A revised budget is being worked on by the applicant. Mr. Whobrey reviewed the proposed terms and conditions for the project.

Mr. Mahan moved that **A2006-0002 be approved for \$12,500 in County funds (Trigg - \$7,500 and Lyon - \$5,000) as a grant and \$400,000 in State funds in the form of a forgivable loan**; Mr. Lawson seconded the motion. The motion passed without dissent.

Bill McCloskey presented A2006-0209, **Kentucky Specialty Grains, LLC.** Kentucky Specialty Grain, LLC requests \$3,250,000 in State funds and \$200,000 in County funds, for a total of \$3,450,000, to purchase equipment and construct a soybean processing facility in the Warren or Simpson County area. Mr. McCloskey reviewed the proposed terms and conditions for the project.

Mr. Lawson moved that **A2006-0209 be approved for \$500,000 in State funds and \$131,510 in County Funds (Simpson - \$89,510, Warren - \$5,000, Barren - \$20,000, McLean - \$1,000, Logan - \$5,000, Allen - \$1,000, and Ohio - \$10,000)**; Mr. Moore seconded the motion.

Mr. Moore amended the motion by adding the words “and that no one producer or entity can own more than 20% of the 51% of the project”; Mr. Lawson seconded the amendment. The amendment passed without dissent.

The main motion as amended was back on the floor. Mr. Mahan called for question. **A roll call vote was called.** Donna Amburgey – Yes; H.H. Barlow – No; Vickie Yates Brown – Yes; John Cleaver – No; Rodney Dick – No; Wayne Hunt – Yes; Sam Lawson – Yes; Jim Mahan – Yes; Wayne Mattingly – Yes; Sam Moore – Yes; Dean Scott Smith – Yes; Don Goodin – Yes. The motion passed (9/3).

Nick Whobrey presented A2006-0361, **Black Oak Vineyard.** Black Oak Vineyard requests \$50,000 in State funds as a part of the 2006 Agri-tourism Competitive Awards Program to renovate and expand their wine making facilities. Mr. Whobrey reviewed the proposed terms and conditions for the project.

Mrs. Amburgey moved that **A2006-0361 be approved for \$50,000 in State funds;** Mr. Cleaver seconded the motion. The motion passed without dissent.

Nick Whobrey presented A2006-0401, **Jackson Purchase Resource Conservation & Development Foundation, Inc.** Jackson Purchase Resource Conservation & Development Foundation, Inc. requests \$7,520 in Hickman County funds and \$7,520 in State funds for a total of \$15,040, for the creation of a permanent Farmers’ Market in Hickman County. Mr. Whobrey reviewed the proposed terms and conditions for the project.

Mr. Cleaver moved that **A2006-0401 be approved for \$7,520 in Hickman County funds and \$7,520 in State funds, for a total of \$15,040;** Mr. Dick seconded the motion. The motion passed without dissent.

Nick Whobrey presented A2006-0406, **Carlisle County Fiscal Court.** Carlisle County Fiscal Court requests \$5,000 in Carlisle County funds as a part of the 2006 Farmers’ Market Competitive Awards Program to purchase portable buildings for the Farmers’ Market. Mr. Whobrey reviewed the proposed terms and conditions for the project.

Mr. Dick moved that **A2006-0406 be approved for \$5,000 in Carlisle County funds;** Mr. Goodin seconded the motion. The motion passed without dissent.

Stephen Yates presented A2006-0412, **Allied Food Marketers West, Inc.** Allied Food Marketers West, Inc. requests \$1,900,000 in State funds to continue their marketing and business development model for Kentucky producers with an additional focus on natural and organic producers. Mr. Yates reviewed the proposed terms and conditions for the project.

Mr. Cleaver moved that **A2006-0412 be approved for \$1,900,000 in State funds and to convert the originally approved forgivable loan of \$1,013,900 from application A2005-0093 to a grant (with a revised legal agreement), for a total of \$2,913,900;** Mr. Mahan seconded the motion.

Mr. Lawson moved to amend the motion by adding the words “and to have a quarterly review committee with a senior staff person”; Mr. Dick seconded the motion. The amendment passed without dissent.

Mr. Mattingly moved to amend the amendment by adding the words “and Allied, Agricultural Development Board and staff will need to establish benchmarks and performance standards for the grant”; Ms. Yates-Brown seconded the amendment to the amendment. The amendment to the amendment passed without dissent.

The motion as amended was back on the floor. Question was called for. The motion as amended passed without dissent.

Nick Whobrey presented A2006-0414, **Caldwell-Lyon Cattlemen’s Association, Inc.** Caldwell-Lyon Cattlemen’s Association, Inc. requests \$10,000 in Lyon County funds to administer a Heifer Replacement Program in Lyon County. Mr. Whobrey reviewed the proposed terms and conditions for the project.

Mr. Barlow moved that **A2006-0414 be approved for \$10,000 in Lyon County funds**; Mr. Moore seconded the motion. The motion passed without dissent.

Bill McCloskey presented A2006-0417, **Owensboro Biotech Alliance, Inc.** Owensboro Biotech Alliance, Inc. requests \$10,000 in Daviess County funds to continue its work in the promotion of agriculture based biotechnology. The Agricultural Development Funds will be used as part of a two year budget focused on using plant made pharmaceuticals (PMP) in traditional row crop production like tobacco as a means to improve net farm income and develop economic opportunities for Kentucky farmers. Mr. McCloskey reviewed the proposed terms and conditions for the project.

Mr. Moore moved that **A2006-0417 be approved for \$5,000 in Daviess County funds**; Mr. Hunt seconded the motion. The motion passed without dissent. Wayne Mattingly abstained from voting on the project.

Stephen Yates presented A2006-0424, **Mercer County Fair & Horse Show, Inc.** Mercer County Fair & Horse Show, Inc. requests \$29,250 in Mercer County funds to provide half the cost for constructing a facility for Mercer County farmers to use in promotion, marketing and sales of their livestock. Mr. Yates reviewed the proposed terms and conditions for the project.

Mr. Mahan moved that **A2006-0424 be approved for \$29,250 in Mercer County funds**; Mr. Dick seconded the motion. The motion passed without dissent.

Stephen Yates presented A2006-0427, **Central Kentucky Growers Association, Inc.** Central Kentucky Growers Association, Inc. requests \$120,000 in State funds to pay off a current line of credit as well as 2005 taxes, so that Central Kentucky Growers Cooperative can restructure their operating loans and lease their facility to Cabbage Inc. to provide future marketing opportunities for their growers. Mr. Yates reviewed the proposed terms and conditions for the project.

Mr. Moore moved that **A2006-0427 be approved for \$120,000 (\$60,000 in form of a grant and \$60,000 in form of a loan) in State funds**; Mr. Mahan seconded the motion. The motion passed with dissent.

Stephen Yates presented A2006-0434, **Jessamine County FFA Alumni Association, Inc.** Jessamine County FFA Alumni Association, Inc. requests \$5,000 in Jessamine County

funds to cost share on 4-H/FFA projects. Mr. Yates reviewed the proposed terms and conditions for the project.

Mrs. Amburgey moved that **A2006-0434 be approved for \$5,000 in Jessamine County funds**; Mr. Barlow seconded the motion. The motion passed without dissent.

Bill McCloskey presented A2006-0443, **Hart County Board of Education**. Hart County Board of Education requests \$4,250 in Hart County funds to purchase an ActivBoard for the agriculture classroom to enhance student learning at Hart County High School. Mr. McCloskey reviewed the proposed terms and conditions for the project.

Mr. Dick moved that **A2006-0443 be denied for \$4,250 in Hart County funds**; Mr. Cleaver seconded the motion.

After some discussion, Mr. Dick withdrew his motion.

Mr. Dick moved that **A2006-0443 be pended for \$4,250 in Hart County funds** to receive further information; Mr. Cleaver seconded the motion. The motion passed without dissent.

Bill McCloskey presented A2006-0444, **Roundstone Native Seed, LLC**. Roundstone Native Seed, LLC requests \$42,000 in Hart County funds to purchase specialized seed cleaning and separation equipment as part of a \$254,000 expansion project. Mr. McCloskey reviewed the proposed terms and conditions for the project.

Mr. Mattingly moved that **A2006-0444 be approved for \$42,000 in Hart County funds**; Mr. Goodin seconded the motion. The motion passed without dissent.

Stephen Yates presented A2006-0446, **Menifee County Beef Producers, Inc.** Menifee County Beef Producers, Inc. requests \$6,500 in Menifee County funds to assist in the construction of a facility to store the county's shared use equipment. Mr. Yates reviewed the proposed terms and conditions for the project.

Mr. Cleaver moved that **A2006-0446 be approved for \$6,500 in Menifee County funds**; Mrs. Amburgey seconded the motion. The motion passed without dissent.

Stephen Yates presented A2006-0447, **Menifee County Conservation District**. Menifee County Conservation District requests \$60,000 in Menifee County funds to administer a menu approach for five model programs: Forage Improvement & Utilization, Sheep & Goat Diversification, Agricultural Diversification, Timber Production, Utilization & Marketing and On-Farm Water Enhancement. Mr. Yates reviewed the proposed terms and conditions for the project.

Mr. Cleaver moved that **A2006-0447 be approved for \$60,000 in Menifee County funds**; Mr. Goodin seconded the motion. The motion passed without dissent.

Stephen Yates presented A2006-0460, **Kentucky Poultry Federation**. Kentucky Poultry Federation requests \$102,000 in State funds to match private funds already raised to establish an indemnification problem large enough to provide assistance to non-commercial poultry farmers in the event of an avian disease outbreak. Mr. Yates reviewed the proposed terms and conditions for the project.

Mr. Mahan moved that **A2006-0460 be approved for \$102,000 in State funds**; Mr. Dick seconded the motion. The motion passed without dissent.

Stephen Yates presented A2006-0462, **Montgomery County Farm Bureau**. Montgomery County Farm Bureau requests \$19,000 in Montgomery County funds to administer a Hay Handling project in Montgomery County. Mr. Yates reviewed the proposed terms and conditions for the project.

Mr. Cleaver moved that **A2006-0462 be approved for \$19,000 in Montgomery County funds**; Mr. Barlow seconded the motion. The motion passed without dissent. Donna Amburgey abstained from voting on the project.

Stephen Yates presented A2006-0467, **Montgomery County Cattlemen's Association**. Montgomery County Cattlemen's Association requests \$124,344 in Montgomery County funds to administer a menu approach for three model programs: Hay, Straw & Commodity Storage, Cattle Genetics Improvement and Cattle Handling Facilities. Mr. Yates reviewed the proposed terms and conditions for the project.

Mr. Mahan moved that **A2006-0467 be approved for \$124,344 in Montgomery County funds**; Mr. Lawson seconded the motion. The motion passed without dissent.

Bill McCloskey presented A2006-0468, **Union County Beef Cattle Association, Inc.** Union County Beef Cattle Association, Inc. requests \$2,248 in Union County funds to be used to purchase additional corral panels to be used as part of the annual Union County Bull & Heifer Sale held at the John A. Arnold Convention Center in Sturgis, KY. Mr. McCloskey reviewed the proposed terms and conditions for the project.

Mr. Mattingly moved that **A2006-0468 be approved for \$2,248 in Union County funds**; Mr. Moore seconded the motion. The motion passed without dissent.

Stephen Yates presented A2006-0472, **Menifee County Beef Producers, Inc.** Menifee County Beef Producers, Inc. requests \$63,000 in Menifee County funds to administer a menu approach for four model programs: Farm Livestock Fencing Improvement, Hay, Straw & Commodity Storage, Cattle Genetics Improvement and Cattle Handling Facilities. Mr. Yates reviewed the proposed terms and conditions for the project.

Mr. Moore moved that **A2006-0472 be approved for \$63,000 in Menifee County funds**; Mrs. Amburgey seconded the motion. The motion passed without dissent.

Bill McCloskey presented A2006-0474, **Kentucky Dairy Development Council, Inc.** Kentucky Dairy Development Council, Inc. requests \$49,000 in KCADE funds to contract for a comprehensive market study of Kentucky's dairy industry. Mr. McCloskey reviewed the proposed terms and conditions for the project.

Mr. Lawson moved that **A2006-0474 be approved for \$49,000 in KCADE funds**; Mr. Goodin seconded the motion. The motion passed without dissent.

Nick Whobrey presented A2006-0478, **Jackson Purchase Resource Conservation and Development Foundation, Inc.** Jackson Purchase Resource Conservation and Development Foundation, Inc. requests \$7,655 in Calloway County funds to administer a

Satellite Broadband Program in Calloway County. Mr. Whobrey reviewed the proposed terms and conditions for the project.

Mr. Barlow moved that **A2006-0478 be approved for \$7,655 in Calloway County funds**; Mr. Cleaver seconded the motion. The motion passed without dissent.

Todd Harp presented A2006-0479, **Pulaski County Horticulture**. Pulaski County Horticulture requests \$65,000 in Pulaski County funds to administer a menu approach for two model programs: Goat & Sheep Diversification and Agricultural Diversification. Mr. Harp reviewed the proposed terms and conditions for the project.

Mr. Cleaver moved that **A2006-0479 be approved for \$65,000 in Pulaski County funds**; Mr. Dick seconded the motion. The motion passed without dissent.

Todd Harp presented A2006-0480, **Pulaski County Cattlemen's Association**. Pulaski County Cattlemen's Association requests \$150,000 in Pulaski County funds to administer a menu approach for two model programs: Cattle Handling Facilities and Cattle Genetics Improvement. Mr. Harp reviewed the proposed terms and conditions for the project.

Dean Smith moved that **A2006-0480 be approved for \$150,000 in Pulaski County funds**; Mr. Moore seconded the motion. The motion passed without dissent.

Todd Harp presented A2006-0481, **Pulaski County Conservation District**. Pulaski County Conservation District requests \$135,000 in Pulaski County funds to administer a menu approach for two model programs: Forage Improvement & Utilization and Hay, Straw and Commodity Storage. Mr. Harp reviewed the proposed terms and conditions for the project.

Mr. Hunt moved that **A2006-0481 be approved for \$135,000 in Pulaski County funds**; Mr. Dick seconded the motion. The motion passed without dissent.

Recommendations for No Funding

Stephen Yates presented A2006-0381, **Sycamore Ridge Farm**. Sycamore Ridge Farm requests \$25,000 in State funds as a part of the 2006 Agri-tourism Competitive Awards Program for alpaca fiber education. Mr. Yates reviewed the proposed terms and conditions for the project.

Mr. Dick moved that **A2006-0381 be denied funding based on an incomplete application and the Agri-Tourism Competitive Awards Program expires 12-31-06**; Mr. Mahan seconded the motion. The motion passed without dissent.

Nick Whobrey presented A2006-0405, **Hopkins County Conservation District**. Hopkins County Conservation District requests \$4,000 in Hopkins County funds for salaries associated with the Agricultural and Environmental Education Outreach Program. Mr. Whorbey reviewed the proposed terms and conditions for the project.

Mr. Cleaver moved that **A2006-0405 be denied funding based on current Board Policy adopted on November 16, 2006 not to fund applications for teacher salaries**; Mr. Mahan seconded the motion. The motion passed without dissent.

Bill McCloskey presented A2006-0432, **Barren County Cattlemen's Association**. Barren County Cattlemen's Association requests \$40,000 to administer the Cattle Handling Facilities Program. Mr. McCloskey reviewed the proposed terms and conditions for the project.

Mr. Dick moved that **A2006-0432 be denied because the Barren County Agricultural Development Council did not commit any funds to the request**; Mr. Hunt seconded the motion. The motion passed without dissent.

Stephen Yates presented A2006-0471, **Miller Lumber**. Miller Lumber requests \$35,000 in Menifee County funds to purchase an electric bandsaw, build a facility for the equipment, expand advertising and purchase logs to increase inventory. Mr. Yates reviewed the proposed terms and conditions for the project.

Mr. Hunt moved that **A2006-0471 be denied funding based on the proposal receiving a low priority from the Menifee County Council**; Mr. Cleaver seconded the motion. The motion passed without dissent.

Nick Whobrey presented A2006-0154, **Lazy Gait Farm**. Lazy Gait Farm requests \$50,000 in State funds as a part of the 2006 Agri-tourism Competitive Awards Program to renovate existing tobacco barns into horse stalls. Mr. Whobrey reviewed the proposed terms and conditions for the project.

Mr. Hunt moved that **A2006-0154 be denied funding based on the projects difficulty earning forgiveness. However, staff feels this applicant would be a good candidate for KAFC's Infrastructure Loan Program. Staff will make applicant aware of this program and urge him to pursue this funding opportunity**; Mr. Dick seconded the motion. The motion passed without dissent.

Recommendations for Pending Funding

The following applications were discussed, but no action was taken: Maysville Community & Technical College System (A2006-0413); Mimi's Kitchen, LLC (A2006-0418); Steeles Creek Blackberries (A2006-0428); Owen County Fiscal Court (A2006-0441); Kentucky Poultry Federation (A2006-0461); Jackson Purchase Resource Conservation and Development Foundation, Inc. (A2006-0473); and Jackson County Cattlemen's Association Incorporated (A2006-0486).

Closing Remarks

The next meeting of the Kentucky Agricultural Development Board will convene at 10:00 AM EST on Friday, January 19, 2007 at the Franklin County Cooperative Extension Office in Frankfort, KY. Note time and location of meeting subject to change; ample notification will be given if such a change occurs.

Dean Smith moved to adjourn; Mr. Barlow seconded the motion; The motion passed without dissent. The meeting adjourned at 4:05 PM EST.

APPROVED: _____

PRESIDING OFFICER: _____

SECRETARY: _____

APPENDIX A: Applications for Referral

App #	Applicant	Request Type
A2006-0446	Menifee County Beef Producers, Inc.	Project
A2006-0447	Menifee County Conservation District	Project
A2006-0468	Union County Beef Cattle Association, Inc.	Project
A2006-0469	Kentucky Shiitake Muchroom Growers Association	Project
A2006-0470	Bullitt County Goat Producers Assoc.	Goat & Sheep Diversification
A2006-0471	Miller Lumber	Project
A2006-0472	Menifee County Beef Producers, Inc.	Project
A2006-0473	Jackson Purchase Resource Conservation and Development Foundation, Inc.	Project
A2006-0474	Kentucky Dairy Development Council, Inc.	Project
A2006-0475	McLean County Fiscal Court	Project
A2006-0476	Kentucky-Tennessee Poultry Growers Assoc. Inc.	Agricultural Diversification
A2006-0477	Jackson Purchase Resource Conservation and Development Foundation, Inc.	Technology
A2006-0478	Jackson Purchase Resource Conservation and Development Foundation, Inc.	Project
A2006-0479	Pulaski County Horticulture	Project
A2006-0480	Pulaski County Cattlemen's Association	Project
A2006-0481	Pulaski County Conservation District	Project
A2006-0482	Lawrence County Goat Association Incorporated	Goat & Sheep Diversification
A2006-0483	Lawrence County Farm Bureau, Inc. of Lawrence County, Kentucky	Project
A2006-0484	University of Kentucky Research Foundation	Project
A2006-0485	Anderson County Farm Bureau, Inc.	Shared-use Equipment
A2006-0486	Jackson County Cattlemen's Association Incorporated	Project
A2006-0487	Buffalo Trace Area Development District	Agricultural Diversification

APPENDIX A: Applications for Referral

App #	Applicant	Request Type
A2006-0488	Buffalo Trace Area Development District	Dairy Diversification

APPENDIX B: Model Programs Recommended for Approval

Agricultural Diversification

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2006-0476	Kentucky-Tennessee Poultry Growers Assoc. Inc.	Clinton	\$29,000.00
			\$29,000.00

Goat & Sheep Diversification

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2006-0470	Bullitt County Goat Producers Assoc.	Bullitt	\$25,000.00
A2006-0482	Lawrence County Goat Association Incorporated	Lawrence	\$20,675.00
			\$45,675.00

Shared-use Equipment

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2006-0485	Anderson County Farm Bureau, Inc.	Anderson	\$5,350.00
			\$5,350.00

Technology

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2006-0477	Jackson Purchase Resource Conservation and Development Foundation, Inc.	Calloway	\$54,201.00
			\$54,201.00

Total County Funds Recommended for Approval in Model Programs: **\$134,226.00**

APPENDIX C: Requested Amendments-Projects & Programs

App # A2006-0392
Applicant Name Spencer County Farm Bureau, Inc.
Amount Approved \$42,000.00
Date September 15, 2006
Requested Change The applicant requests an additional \$6,300.00 for the *Cattle Handling Facilities* Program. The request received a high priority from the Spencer County Council. The term of the program shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the program total to \$48,300.00.
Recommendation Approval

App# A2006-0391
Applicant Name Spencer County Farm Bureau, Inc.
Amount Approved \$18,850.00
Date September 15, 2006
Requested Change The applicant requests an additional \$42,000.00 for the *Farm Livestock Fencing Improvement* Program. The request received a high priority from the Spencer County Council. The term of the program shall remain 18-months from the execution date of the original agreement. Approval of this request would bring the program total to \$60,850.00.
Recommendation Approval

App# A2006-0395
Applicant Name Spencer County Farm Bureau, Inc.
Amount Approved \$73,500.00
Date September 15, 2006
Requested Change The applicant requests an additional \$15,750.00 for the *Hay, Straw & Commodity Storage* Program. The request received a high priority from the Spencer County Council. The term of the program shall remain 18-months from the execution date of the original agreement. Approval of this request would bring the program total to \$89,250.00.
Recommendation Approval

App# A2006-0161
Applicant Name Ohio County Cattlemen's Association, Inc.
Amount Approved \$55,000.00
Date May 19, 2006
Requested Change The applicant requests an additional \$20,212.00 for a menu approach of the following programs: *Cattle Genetics Improvement, Cattle Handling Facilities, Forage Improvement & Utilization, On-Farm Water Enhancement and Farm Livestock Fencing Improvement* Programs. The request received a high priority from the Ohio County Council. The term of the program shall remain 18-months from the execution date of the original agreement. Approval of this request would bring the program total to \$75,212.00.
Recommendation Approval

APPENDIX C: Requested Amendments-Projects & Programs

App#	A2006-0174
Applicant Name	Edmonson County Cattleman Association, Inc.
Amount Approved	\$41,000.00
Date	May 19, 2006
Requested Change	The applicant requests an <u>additional</u> \$3,000.00 for the <i>Hay, Straw & Commodity Storage</i> Program. The request received a <u>high</u> priority from the Edmonson County Council. The term of the program shall remain 18-months from the execution date of the original agreement. Approval of this request would bring the program total to \$44,000.00.
Recommendation	Approval

App#	A2006-0357
Applicant Name	Carter County Agriculture Advancement Council, Inc.
Amount Approved	\$62,000.00
Date	August 18, 2006
Requested Change	The applicant requests a <u>decrease</u> by \$10,000.00 for the <i>Cattle Genetics Improvement</i> Program. The request received a <u>high</u> priority from the Carter County Council. The term of the program shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the program total to \$52,000.00.
Recommendation	Approval

App#	A2006-0359
Applicant Name	Carter County Agriculture Advancement Council, Inc.
Amount Approved	\$85,000.00
Date	August 18, 2006
Requested Change	The applicant requests a <u>decrease</u> by \$10,000.00 for the <i>Cattle Handling Facilities</i> Program. The request received a <u>high</u> priority from the Carter County Council. The term of the program shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the program total to \$75,000.00.
Recommendation	Approval

App#	A2006-0356
Applicant Name	Carter County Agriculture Advancement Council, Inc.
Amount Approved	\$36,500.00
Date	August 18, 2006
Requested Change	The applicant requests a <u>increase</u> by \$20,000.00 for the <i>Forage Improvement & Utilization</i> Program. The request received a <u>high</u> priority from the Carter County Council. The term of the program shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the program total to \$56,500.00.
Recommendation	Approval